

OCEANSIDE

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September 28, 1998

Ms. Virginia Goldstein, Planning Director
County of Hawaii Planning Department
25 Aupuni Street, Suite 109
Hilo, Hawaii 96720

SEP 28 PM 3 44
COUNTY OF HAWAII

**Subject: Annual Progress Report
Use Permit No. 115
Special Management Area Use Permit No. 345
The Villages at Hokukano**

Dear Ms. Goldstein:

I am pleased to submit the following progress report for The Villages at Hokukano, ("Project"). This report is to cover the status of development and the compliance with conditions of approval for Use Permit No. 115 and Special Management Area Permit No. 345, ("Permits"). The Permits allowed for a 27-hole golf course, golf clubhouse, driving range, shoreline access and related improvements. The Permits were approved by the County of Hawaii Planning Commission on October 27, 1993.

Archaeology

74-5620 A Palani Road
Suite 200
Kailua-Kona, Hawaii
96740-1625

Oceanside has begun preparation of the archaeological mitigation and interpretation plan in consultation with DLNR and Hawaiian community organizations. Field work for testing and surveying of certain sites is underway and data recovery efforts will begin soon. As required by conditions in the Permits, approved mitigation measures will be implemented prior to or in conjunction with land alteration on the property. These efforts will allow Oceanside to fulfill Condition 3 of the SMA Permit and Condition 10 of the Use Permit.

Tel: 808-326-2966

Mamalahoa Highway Bypass

Fax: 808-326-7713

At the request of certain landowners, Oceanside 1250 has adjusted the route for the bypass roadway. We have agreed to the terms for acquisition of sufficient land for the right-of-way between Keauhou and our property. In addition, negotiations continue for the remaining parcels at the southern end of the route.

Due to the adjustment of the route, Oceanside was delayed in completing the draft EIS. Work has resumed and we expect have it completed later this year for submittal to the County of Hawaii Department of Public Works, who will be the accepting agency for the EIS. We expect the final EIS to be accepted early in

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1999. Progress on the bypass will help us to fulfill conditions for other County ordinances and permits relating to the Project.

As part of the golf course design now underway, Oceanside will utilize the County of Hawaii Guidelines for Golf Course Design. These standards will be followed to fulfill Conditions 4 and 7 of the Use Permit. In addition, we are preparing a Landscape Plan for the golf course, including a discussion of preservation and propagation of native plants around the golf course, in fulfillment of Condition 12 of the SMA Permit.

Shoreline Park

Oceanside has completed the draft public access and shoreline management plan regarding public access areas, perpetual access covenants, archaeology, marine resources and related improvement measures. The plan has been submitted to the Planning Department and the State DLNR for their input and comments. This plan is being prepared to fulfill Conditions 8 & 10 of the SMA Permit. Development of this plan will also allow Oceanside to comply with conditions in other County ordinances and permits that are related to the Project.

Old Government Road

The State has indicated it is willing to have Oceanside prepare the mitigation and management plans for the trail as part its larger archaeology effort. Plans for the road will become part of the project mitigation plan.

Drainage Study

As part of the current golf course design work as well as the subdivision and infrastructure engineering work, Oceanside will prepare a detailed drainage study for the project. This work will allow us to fulfill our commitment under Condition 5 of SMA Permit and Condition 16 of the Use Permit.

Other Conditions

Several other studies and plans are underway in order to fulfill our obligations to various conditions in both permits.

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A baseline survey of the biological and chemical characteristics of the near shore waters and onshore brackish wells was completed in August. A plan for ongoing water monitoring including a golf course best management plan and integrated groundwater monitoring plan, is being prepared for submittal to the Planning Director for approval by the State Department of Health. This plan will allow us to fulfill Condition 11 of the SMA Permit.

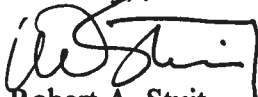
Oceanside has also begun a plan for an employee housing program for the project. The program will be submitted for the review and approval of the Planning Director and Housing Agency together with submittal of plans for plan approval of the golf course, in fulfillment of Condition 16 of the Use permit.

Later this year, Oceanside will begin preparation of a plan for intersection improvements at the Mamalahoa Highway-Halekii Street intersection, including traffic signals and channelization. Installation of these improvements will allow Oceanside to fulfill Condition 9 of the Use Permit.

Other than the items described above, there are no other items to report that affect the status of the Project as it relates to the conditions of the Permits. Oceanside 1250 intends to meet all of the terms and comply with all of the conditions that are specified within the Permits.

I trust the above provides an adequate description of the status of the development. However, should you require any further information or have any questions, please do not hesitate to contact me.

Sincerely,



Robert A. Stuit
Director of Planning

cc: L. Anderson
Y. Takeda
J. Leonard
B. Tsukazaki
J. Dwyer